

RVC

Royal Veterinary College
University of London

**THE ROYAL VETERINARY COLLEGE
ACCOUNTS 2008**



The Royal Veterinary College

ANNUAL ACCOUNTS 2008

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MEMBERS OF THE COUNCIL OF THE ROYAL VETERINARY COLLEGE

Members appointed by Nominating Bodies

Professor PM Biggs (*Vice-Chairman*)
Mr E Chandler
The Rt Hon Frank Dobson, MP
Mr R Green
Mr I Luder (*up until 31 December 2007*)
Professor JC Milne (*up until 31 December 2007*)

Independent Member

Mr P Orchard Lisle
Professor JC Milne (*with effect from 1 January 2008*)

Members Nominated by the Academic Board

Professor DB Church (*up until 31 December 2007*)
Professor S May (*up until 31 December 2007*)
Professor J Price
Professor A Rycroft (*with effect from 20 February 2008*)
Professor N Stickland (*up until 31 December 2007*)
Professor DC Wathes (*up until 31 December 2007*)
Professor A Williams (*up until 31 December 2007*)

Co-opted Members

Mr JH Chatfeild-Roberts (*Honorary Treasurer*)
Mr IB Flanagan
Professor D Noakes (*up until 31 December 2007*)
The Most Hon The Marquess of Salisbury (*Chairman*) (*up until 31 December 2007*)
Dr G Schild (*up until 31 December 2007*)
The Rt Hon The Baroness Shephard of Northwold (*Chairman*) (*with effect from 1 January 2008*)

President of the Students Union Society

Mr B Stileman

Principal (*ex-officio*)

Professor Q McKellar

Vice-Principals (*ex-officio*)

Professor J Elliott (*with effect from 14 November 2007*)
Professor CR Howard (*with effect from 14 November 2007*)
Professor S May (*with effect from 1 January 2008*)

Bankers The Royal Bank of Scotland, London WC2H 0NN

Auditors Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St. Albans

TREASURER'S REPORT

for the year ended 31 July 2008

Introduction

This document represents an analysis of the business from the perspective of the Members of the Council. The information herein complements and supplements the information in the financial statements. Whilst it has a forward looking orientation, it also refers to current performance and key issues which will have an effect on future years.

The College and its subsidiaries

Founded in 1791, the Royal Veterinary College was the first of its kind in the UK, and the driving force behind the establishment of the nation's veterinary profession. The first four students were admitted in January 1792, and ever since then the College has been at the forefront of teaching and research in the veterinary and allied sciences. The College is a higher education institution and a constituent college of the federal University of London.

The College's vision is to provide visionary leadership in Veterinary Science and education through innovative scholarship and pioneering clinical activity. This vision is supported by a mission statement and core values, which can be found on the College's website at www.rvc.ac.uk/aboutus/mission

The key strategic objectives of the College are set out within its Corporate Plan. The current Corporate Plan, covering the period from 2005 to 2008, is nearing its end. The process of creating a new Corporate Plan for the period 2009 to 2014 has been ongoing throughout the last year. This process has involved wide consultation within the College and with key external stakeholders. The focal point of the new Corporate Plan, which will be published in early 2009, is enhancing the student experience across all activity areas of the College.

The principal activities of the College are the teaching of undergraduate and postgraduate students, research in veterinary science and biosciences, and the provision of clinical services through first opinion and referral animal hospitals.

The College is the sole shareholder in the London Bioscience Innovation Centre (LBIC). LBIC is located in Camden, North London and provides office and laboratory facilities for start-up biotechnology companies.

The College is also the sole Trustee of the Royal Veterinary College Animal Care Trust, which is a charitable trust. The Animal Care Trust's objects are:

- the advancement of education and of veterinary science medicine and surgery;
- the undertaking of research and the dissemination of the results thereof; and
- such other charitable purposes for the relief of suffering among animals as the Trustee shall from time to time in its absolute discretion determine.

Governance

The primary governing body of the College is its Council. The Council met on four occasions in the year: 21 October 2007, 5 December 2007, 12 March 2008 and 10 June 2008.

The Council continued to discharge its primary responsibilities set out in the Articles of Government with enthusiasm and due diligence. It determined the educational character and mission of the College while ensuring the efficient and effective use of resources, solvency and the safeguarding of assets.

Policies and Compliance with Legislation

The following committees have powers delegated by the Council to ratify policies and procedures:

- Audit
- Finance and General Purposes;
- Remuneration;
- Senior Management Group; and
- Animal Care Trust.

TREASURER'S REPORT (continued)

for the year ended 31 July 2008

As a public body the Council has in place mechanisms to ensure that all of its policies and procedures comply with the following legislation:

- Data Protection Act 1998;
- Diversity & Equality Policies (including the Disability Discrimination Act 1985 & 2006);
- Freedom of Information Act 2000;
- Health and Safety Act 1974;
- Human Rights Act 1998;
- Race Relations Amendment Act 2000;
- The Employment Equality (Age) Regulations 2006;
- Corporate Manslaughter and Corporate Homicide Act 2007;
- Mental Capacity Act 2005; and
- The Equality Act (Sexual Orientation) Regulations 2007.

Processes are also in place to ensure that all new legislative requirements are duly considered by the Council to ensure that, where relevant, the Council and its employees comply fully with the law.

Performance indicators

The College currently measures its performance by referring to progress made against the key strategic objectives given within its Corporate Plan. Overall progress has been excellent, with the majority of those objectives being achieved. Developments in support of these for the year 2007-08 are given below.

The College is currently developing a formal set of Key Performance Indicators (KPIs). This development has been made with reference to the Committee of University Chairs' guidance issued in 2006.

These KPIs will be outlined in this Treasurers Report next year once they have been agreed by the Council.

Development and Performance 2007-08

A summary of performance and developments for the year 2007-08 are given for each key area of the College's activity.

Teaching and Learning

The College continued to expand the range of programmes offered. New programmes during the year included the Certificate of Advanced Veterinary Practice, accredited by the Royal College of Veterinary Surgeons, and a Graduate Diploma in Professional and Clinical Veterinary Nursing.

The College's effort to widen access to students from non-traditional backgrounds was enhanced through the establishment of a Lifelong Learning Network, known as VetNet. This is a national network, involving all of the English Higher Education Veterinary Schools, for which the College is the lead institution.

Research

The depth of research activity across the College continued to develop during the year. One of the key activities during the year was submission of research evidence to the periodic Research Assessment Exercise (RAE). The Exercise determines the quality rating for research undertaken at UK higher education institutions and determines research funding received from the Higher Education Funding Council for England (HEFCE). The depth of the College's research activity was demonstrated through an increase in the number of research active academic staff being submitted to the RAE (103.5 FTE compared to 65 FTE for the previous exercise in 2001).

TREASURER'S REPORT (continued)

for the year ended 31 July 2008

Clinical Services

The College's animal hospitals provide key learning opportunities for students and a wide variety of opportunities for research. The key development during the year was the expansion of the Queen Mother Hospital for Animals at the Hertfordshire Campus. The expansion makes the hospital the largest small animal referral hospital operated by any higher education institution in Europe. Research and clinical activities were further integrated through the expansion of the Clinical Investigation Centre, which has forty ongoing studies.

Estates

Significant progress was made with ongoing capital projects, including the Queen Mother Hospital for Animals (total project cost £7.9 million) and the development of a Centre for the Control of Veterinary Infectious and Zoonotic Diseases (total project cost £3.3 million). This project has been funded by HEFCE SRIF3 and the East of England Development Agency, and is also nearing completion.

An Estates Strategy has been developed alongside the College's new Corporate Plan. The Estates Strategy necessarily covers a longer time period than the Corporate Plan: 2009 to 2019. This is the first formal Estates Strategy for the College.

Further information is available within the College's Annual Report, which provides a comprehensive narrative of the College's achievements in 2007-08. This is available at www.rvc.ac.uk/annualreport

Future Development and Principal Risks and Uncertainties

Future developments and principal risks and uncertainties are set out in detail within the College's new Corporate Plan 2009-2014. This will be available from January 2009 at www.rvc.ac.uk/FOI/Scheme/Documents/CorporatePlan.pdf

The College has a comprehensive strategic risk register, through which senior management and the Council are kept fully informed of key influencing factors.

The key risk areas identified are that:

- Resource constraints (financial, physical and intellectual) prevent full achievement of strategic objectives across all areas
- Inappropriate research specialisations are selected
- Curriculum developments and new course provision are not attractive to students or do not deliver the educational outcomes desired
- Rising student expectations are not met, and an excellent student experience is not delivered
- Further development of international activities is limited by the global economic downturn
- Changes to HEFCE funding of veterinary sciences adversely affect this crucial income stream
- The impact of demographic change on recruitment is greater than expected
- Our global reputation and profile is not enhanced
- Clinical services, teaching and research compete with each other, rather than compliment each other.

Resources

The principal sources of income for the College are:

- HEFCE grants for teaching and research;
- Clinical services offered by the College's animal hospitals;
- Competitive research grants and contracts awarded; and
- Student tuition fees

HEFCE grant funding is relatively stable and known far enough in advance to enable effective planning within the College, but is influenced by changes in government policy and priorities. Other income streams are less stable and are subject to competitive pressures from within the higher education

TREASURER'S REPORT

for the year ended 31 July 2008

sector and from organisations operating within the veterinary and allied professions.

The largest single expenditure item is staff costs. The College employs 775 FTE staff members, and has in place arrangements for provision of temporary and consultancies for the provision of specialist services. Certain aspects of pay and conditions for staff are negotiated at a national level while others are determined locally by the College.

Financial Position, Cash flows and Liquidity

The financial statements have been prepared in accordance with the SORP 2007: Accounting for Further and Higher Education, and the relevant accounting standards. The consolidated financial statements cover the activities of the College, the Animal Care Trust (ACT) and the London BioScience Innovation Centre Limited (LBIC).

Full time overseas fees showed a reduction in year of 5% mainly due to weak postgraduate recruitment (2007: 3% decrease).

Income resulting from clinical and related earnings increased by 13% (2007: 8%), following the expansion of the Queen Mother Hospital for Animals.

Income from research grants and contracts fell slightly, by 2% (2007: 41% increase), in line with expectations of a consolidation of activities, following a number of years of significant growth and success.

Income from endowments and investments for the year was £2,524,000, due mainly to the profit realised on the sale of endowment equity assets during the year and to higher cash balances.

CONSOLIDATED RESULTS FOR THE YEAR

	2008	2007
	£000	£000
Income	58,350	51,464
Expenditure	<u>(57,934)</u>	<u>(49,936)</u>
Surplus on Continuing Operations	416	1,528
Profit on Sale of Fixed Asset	-	1,966
Transfer (to) specific endowments	<u>(1,291)</u>	<u>(693)</u>
Surplus with General Reserves	<u>(875)</u>	<u>2,801</u>

Income

Total income for the year rose by 13% (2007: 16%). Funding body grants showed an overall increase of 13% (2007: 12%).

Tuition fee income saw an increase of 15% (2007: 21%), with full time home students in particular increasing by 28% (2007: 52%), due to the continuing effect of students paying the top-up fee. Full time overseas fees showed a reduction in year of 5% mainly due to weak postgraduate recruitment (2007: 3% decrease).

Income resulting from clinical and related earnings increased by 11% (2007: 8%), following the expansion of the Queen Mother Hospital for Animals.

Income from research grants and contracts fell slightly, by 2% (2007: 41% increase), in line with expectations of a consolidation of activities, following a number of years of significant growth and success.

Income from endowments and investments for the year was £2,524,000, due mainly to the profit realised on the sale of endowment equity assets during the year and to higher cash balances.

TREASURER'S REPORT

for the year ended 31 July 2008

Expenditure

Overall expenditure increased by 16% (2007: 16%). Staff costs rose by 14% (2007: 13%) as a result of pay awards and incremental progression as well as new appointments made to support increases in activity across the College. Staff numbers increased from 745 to 775. Other operating expenses increased by 20% (2007: 24%). One quarter of this related to a change in provisions for taxation. Other significant increases were in the areas of student and educational expenditure (43%; 2007:12%), utilities (21%; 2007: 12%) and professional fees (74%; 2007: 72%). The College invested 10% of total non-staff expenditure in maintenance and minor works (2007: 11%).

Depreciation rose from £3,018,000 in 2007 to £3,308,000 in 2008, an increase of 10% (2007: decrease of 2%). This was due to the completion of several capital projects and increases in capitalised equipment.

Investments

The College took the decision in May 2008 to reduce its investment exposure in UK equities and hold a higher level of cash. The closing value of endowment assets was £11,924,000 (2007: £12,164,000).

Cash flows

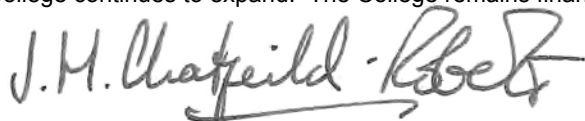
The net increase in cash for the year was £2,786,000 (2007: £3,149,000). There was a decrease in investments during the year (£1,135,000) and a reduction in cash at bank (£1,181,000) due to significant capital payments being made. Closing net funds stood at £8,354,000 (2007: £6,460,000).

Liquidity

The College remains in a strong position, with low levels of borrowing compared to its cash reserves. Borrowing levels are significantly lower than the average for the Higher Education Sector. The College remains well within the borrowing limits set by HEFCE. Liquidity levels, as expressed by net funds, are expected to remain positive during 2008/09.

Conclusion

The year to 31 July 2008 has been financially satisfactory. However, there is a necessity to control costs as the College continues to expand. The College remains financially sound and well placed to meet future challenges.



John Chatfeild Roberts
Honorary Treasurer
25 November 2008

RESPONSIBILITIES OF THE COLLEGE COUNCIL

for the year ended 31 July 2008

The Council is responsible for the administration and management of the affairs of the College and is required to present audited financial statements for each financial year. The Council are responsible for the maintenance and integrity of the corporate and financial information included on the Royal Veterinary College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

RECORD KEEPING AND ACCOUNTING

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the College's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education 2007 and other relevant accounting standards.

FINANCIAL STATEMENTS

The Memoranda agreed between HEFCE and the Council of the College (the Council) through its designated office holder (the Principal), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit and cash flows for that year. During preparation of these statements, the Council has ensured:

- * that suitable accounting policies are selected and applied consistently;
- * that judgements and estimates are made that are reasonable and prudent;
- * that applicable accounting standards have been followed, and
- * that financial statements are prepared on the going concern basis. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- * ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memoranda with the College and any other conditions which the Funding Council may from time to time prescribe;
- * ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- * safeguard the assets of the College and prevent and detect fraud; and
- * secure the economical, efficient and effective management of the College's resources and expenditure.

INTERNAL CONTROLS

The College's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- * clear definitions of the responsibilities and delegated authority of heads of academic and administrative departments;
- * a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- * monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- * clearly defined and formalised requirements for approval and control of expenditure; investment decisions are subject to formal appraisal and review according to approval limits set by the Council;
- * detailed Financial Regulations of financial controls and procedures are approved by the Audit Committee and Council; and
- * a professional Internal Audit team whose annual programme is approved by the Audit Committee, and endorsed by the Council and whose head provides the Council with a report on internal audit activity within the College, and the adequacy and effectiveness of the College's system of internal control, including internal financial control.

The Audit Committee, on behalf of the Council, has reviewed the effectiveness of the College's system of internal controls, and found it provides reasonable assurance against material misstatement or loss.

CORPORATE GOVERNANCE

for the year ended 31 July 2008

1 The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange July 2003 in so far as it applies to higher education Institutions. Its purpose is to help readers of the financial statements understand how the principles have been applied.

2 Throughout the year ended 31 July 2008, the College has been in compliance with all the provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to Universities. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 2004.

3 The Council of the College is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2008 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Council and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

4 The College is an independent corporation, whose legal status derives from a Royal Charter granted in 1956, although the College can trace its history as a corporate body back to 1791. Its objects, powers and framework of governance are set out in this Charter and its supporting Statutes.

5 The Charter and Statutes require that the government of the College shall be vested in the Council, which has management and control of the College and administers all its property and income. The Council has a majority of members from outside the College (known as lay members) from whom the Chairman, Vice-Chairman and Treasurer are by custom elected. None of the lay members receive any payment for the work they do for the College, apart from the reimbursement of expenses.

6 The Statutes also require that there shall be an Academic Board, members of which are the Professors of the College and representatives of the teaching staff, and of which the Principal is Chairman. The Board advises the Council on all academic matters.

7 The principal academic and administrative officer of the College is the Principal, who under the Statutes is responsible for the conduct of the College. Under the terms of the formal Financial Memorandum between the College and the Higher Education Funding Council for England, the Principal is the designated officer of the College and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

8 Although the Council ordinarily meets three times a year, much of its detailed work is initially discussed in Committees. All Council Committees are formally constituted with terms of reference and specified membership. All Committees report to the Council.

9 A majority of the lay members of Council are appointed by external bodies stipulated in the College's Royal Charter. The Council itself may co-opt up to eight members; proposals for the appointment of co-opted members are considered by the Nominations Committee. Ordinarily, lay members are eligible for re-appointment at the conclusion of the three year term of membership laid down by the Charter.

10 The Finance and General Purposes Committee inter alia recommends to Council the College's annual budgets and monitors performance in relation to the approved budgets. The Remuneration Committee determines the remuneration of the most senior staff, including the Principal.

11 The Audit Committee meets three times a year, with the College's external and internal auditors in attendance as appropriate. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses. It also receives and considers reports from the Higher Education Funding Council for England as they affect the College's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.

12 As Chief Executive of the College the Principal exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. Senior academic and administrative officers all contribute in various ways to these aspects of the College's affairs, but the Principal remains responsible for the conduct of the College.

CORPORATE GOVERNANCE (continued)

for the year ended 31 July 2008

13 The Principal and the College's senior managers receive reports setting out key risk indicators and consider possible control issues. The Risk Register is regularly reviewed and amended as appropriate. Good progress has been made in implementing the risk management process at the College, however, it is recognised that there is still further work needed to ensure that the process is fully embedded at all levels within the organisation. The Audit Committee and Council also receive regular reports from internal audit and from the Safety Committee which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Council receives reports on risk and control from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

14 The College maintains a register of interests of members of the Council. The Statutes specify that the Secretary to the College shall be Secretary to the Council. Any enquiries about the constitution and governance of the College should be addressed to the Secretary.

15 After making appropriate enquiries the Council has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

16 The Council has reviewed the College's system of internal financial control. Any system of internal financial control can, however, only provide reasonable, but not absolute assurance against material misstatement or loss.

INDEPENDENT AUDITORS' REPORT

to the Members of Council of the Royal Veterinary College
for the year ended 31 July 2008

We have audited the financial statements of Royal Veterinary College for the year ended 31 July 2008 which comprise the consolidated and college income and expenditure accounts, the consolidated and college statements of total recognised gains and losses, the consolidated and college balance sheets, the consolidated and college cash flow statements and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the Royal Veterinary College, as a body, in accordance with the Financial Memorandum dated July 2006. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditors

As described in the statement of the Council's responsibilities, the Council is responsible for the preparation of the financial statements in accordance with the University's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by Royal Veterinary College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We also report if, in our opinion, the Treasurer's report is not consistent with the financial statements, if the Royal Veterinary College has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Treasurer's report, including the corporate governance statement, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- (a) the financial statements give a true and fair view of the state of affairs of the Royal Veterinary College and the Group as at 31 July 2008 and of the deficit of the Group and the College for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education;
- (b) in all material respects income from Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the Royal Veterinary College have been applied only for the purposes for which they were received; and
- (c) in all material respects income has been applied in accordance with the Royal Veterinary College's statutes and, where appropriate, with the Financial Memorandum, dated July 2006 with the Higher Education Funding Council for England.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St. Albans, United Kingdom

26 NOVEMBER 2008

INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 July 2008

	Note	Year ended 31 July 2008		Year ended 31 July 2007	
		Consolidated	College	Consolidated	College
		£000	£000	Restated (see notes 11,12,19,20) £000	£000
INCOME					
Funding body grants	1	26,614	26,584	23,551	23,521
Tuition fees and education contracts	2	5,623	5,623	4,903	4,903
Research grants and contracts	3	8,495	8,495	8,708	8,708
Other income	4	15,094	13,919	13,455	12,470
Endowment and investment income	5	2,524	2,252	847	647
TOTAL INCOME		58,350	56,873	51,464	50,249
EXPENDITURE					
Staff costs	6	31,971	31,615	27,927	27,617
Other operating expenses	9	22,163	21,577	18,486	18,000
Depreciation	11	3,308	3,097	3,018	2,807
Interest and other finance costs	7	492	315	505	322
TOTAL EXPENDITURE		57,934	56,604	49,936	48,746
Surplus after depreciation of tangible fixed assets at valuation and after tax		416	269	1,528	1,503
Profit on Disposal of Assets		-	-	1,966	1,966
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		416	269	3,494	3,469
		(1,291)	(1,357)	(693)	(173)
Surplus for the year transferred to accumulated income in endowment funds					
(DEFICIT) / SURPLUS RETAINED WITHIN GENERAL RESERVES	21	(875)	(1,088)	2,801	3,296

The consolidated income and expenditure relates wholly to continuing operations.

There is no difference between the surplus in each year and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2008

		Year ended 31 July 2008		Year ended 31 July 2007	
		Consolidated	College	Consolidated	College
		£000	£000	£000	£000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		416	269	3,494	3,469
(Decrease)/increase in market value of investments	19	(1,805)	(1,805)	991	991
New endowments	19	274	78	1,079	77
Heritage asset reserve movement	21 -	-	-	1,648	1,648
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		(1,115)	(1,458)	7,212	6,185
Reconciliation					
Opening reserves and endowments		33,405	29,725	26,193	23,540
Prior year adjustment (See Notes 11,12,19 & 20)		(2,245)	(215)	-	-
Adjusted opening reserves and endowments		31,160	29,510	26,193	23,540
Total recognised gains relating to the year		(1,115)	(1,458)	7,212	6,185
CLOSING RESERVES AND ENDOWMENTS		30,045	28,052	33,405	29,725

BALANCE SHEETS

as at 31 July 2008

	Note	Year ended 31 July 2008		Year ended 31 July 2007	
		Consolidated £000	College £000	Consolidated £000	College £000
FIXED ASSETS					
Tangible assets	11	51,707	48,852	45,532	42,466
Investments	10	-	100	-	100
		51,707	48,952	45,532	42,566
Endowment asset investments	12	11,924	10,661	12,164	11,031
CURRENT ASSETS					
Stocks	13	549	541	427	419
Debtors - amounts falling due within one year	14	4,343	4,774	4,468	4,970
Debtors - amounts falling due after more than one year	14	-	980	-	1,111
Short term deposits	17	8,249	9,513	9,384	10,302
Cash at bank and in hand		1,531	1,399	2,712	2,611
		14,672	17,207	16,991	19,413
Creditors - amounts falling due within one year	15	(12,604)	(16,471)	(11,970)	(15,164)
Net current assets		2,068	736	5,021	4,249
Total assets less current liabilities		65,699	60,349	62,717	57,846
Creditors - amounts falling due after more than one year	16	(7,212)	(7,212)	(7,471)	(7,471)
Provisions for liabilities and charges	18	(750)	(750)	-	-
TOTAL NET ASSETS		57,737	52,387	55,246	50,375
Deferred Capital Grants	20	27,692	24,335	24,086	20,865
Endowments					
Expendable	19	2,514	1,428	2,229	1,292
Permanent	19	9,410	9,233	9,935	9,739
		11,924	10,661	12,164	11,031
General Reserve	21	18,121	17,391	18,996	18,479
TOTAL FUNDS		57,737	52,387	55,246	50,375

The financial statements were approved by the Council on 25 November 2008 and signed on its behalf on that date by:



The Right Hon The Baroness Shephard of Northwold
Chairman



J H Chatfeild - Roberts
Chairman of Finance Committee



Professor Q A McKellar
Principal

CASH FLOW STATEMENTS

for the year ended 31 July 2008

	Note	Year ended 31 July 2008		Year ended 31 July 2007	
		Consolidated	College	Consolidated	College
		£000	£000	£000	£000
Net cash inflow from operating activities	22	2,122	2,625	6,164	7,050
Returns on investments and servicing of finance	23	365	489	185	298
Capital expenditure and financial investment	24	(593)	(995)	1,723	721
Management of liquid resources - short-term deposits		1,135	789	(4,693)	(6,215)
Financing	25	(243)	(243)	(230)	(230)
INCREASE / (DECREASE) IN CASH IN THE YEAR		2,786	2,665	3,149	1,624

RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS (DEBT)

	31 July 2008		31 July 2007	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
Increase / (decrease) in cash in the period	2,786	2,665	3,149	1,624
Change in short term deposits	(1,135)	(789)	4,693	6,215
Change in debt	243	243	230	230
Change in net debt	1,894	2,119	8,072	8,069
Net funds / (debt) at 1 August	6,460	6,360	(1,612)	(1,709)
NET FUNDS AT 31 JULY	8,354	8,479	6,460	6,360

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2008

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards. The financial statements are prepared in accordance with historical cost convention modified by the revaluation of certain fixed assets.

2 BASIS OF CONSOLIDATION

The financial statements consolidate the results of the College and the Animal Care Trust, a separate registered charity, and London Bioscience Innovation Centre Limited. The subsidiaries have the same year end as the College. The consolidated financial statements do not include those of the Student Union Society because the College does not control those activities.

3 RECOGNITION OF INCOME

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet. Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

4 TAXATION STATUS

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT in relation to tangible fixed assets is included in their cost.

5 LAND AND BUILDINGS

Land and buildings are stated at historical cost. Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

5a Depreciation

Freehold land is not depreciated. Buildings are depreciated over their expected useful economic lives to the College of between 20 and 25 years on the amount at which the tangible fixed asset is included in the balance sheet. No depreciation is charged on assets in the course of construction.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 31 July 2008

5b Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The College has a planned maintenance programme, which is reviewed on an annual basis.

5c Heritage Assets

Works of art and other valuable artefacts (heritage assets) and valued at over £5,000 have been capitalised and recognised, based on valuations carried out by specialist valuers. Heritage assets are not depreciated since their long economic life and high residual value mean any depreciation would not be material. The historic library collection was valued, independently, in 2008 by Mr Norman Comben, an expert on antiquarian veterinary books, prints and ephemera.

6 EQUIPMENT

Equipment and furniture costing less than £5,000 per individual item and which is not part of a bigger piece of equipment, is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. All assets are depreciated over their useful economic lives to the College of between 3 and 7 years.

Where equipment is acquired with the aid of specific grants or donations, it is capitalised and depreciated as above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

7 INVESTMENTS

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value.

8 STOCK

The stock comprises stores held by clinics, farm livestock, produce and consumables. The farm stocks are professionally valued; other stocks are stated at the lower of their cost and net realisable value.

9 CASH FLOWS AND LIQUID RESOURCES

Cash flows comprise increases and decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits but exclude any such assets held as endowment asset investments.

10 FOREIGN CURRENCY TRANSLATIONS

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

11 ACCOUNTING FOR RESEARCH AND DEVELOPMENT

Expenditure on pure and applied research is treated as part of the continuing activities of the College. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

12 INTRA-GROUP TRANSACTIONS

Gains and losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

13 ACCOUNTING FOR CHARITABLE DONATIONS

13a Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

13b Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the benefit of the institution
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 31 July 2008

13c Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

14 ACCOUNTING FOR RETIREMENT BENEFITS

The College contributes to the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL). Both schemes are defined benefit schemes and both are multi-employer schemes and it is not possible to identify the assets of these schemes, which are attributable to the College. In accordance with FRS17 these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

15 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed by way of note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2008

	Note	Year ended 31 July 2008		Year ended 31 July 2007	
		Consolidated £000	College £000	Consolidated £000	College £000
1 FUNDING BODY GRANTS - HEFCE					
Recurrent grants		23,558	23,528	21,427	21,397
Specific grants					
Higher Education Innovation Fund		435	435	405	405
Centre for Excellence in Teaching and Learning		472	472	647	647
Lifelong Learning Network		1,069	1,069	178	178
Teaching Quality Enhancement Fund		132	132	130	130
Aimhigher		308	308	177	177
Deferred capital grants released in year :					
Buildings	20	572	572	519	519
Equipment	20	68	68	68	68
		26,614	26,584	23,551	23,521
2 TUITION FEES AND EDUCATION CONTRACTS					
Full time home and EU students		3,477	3,477	2,724	2,724
Full time international students		1,783	1,783	1,873	1,873
Part time students		190	190	133	133
Research training support grants		69	69	87	87
Short course fees		104	104	86	86
		5,623	5,623	4,903	4,903
3 RESEARCH GRANTS AND CONTRACTS					
Research councils and charities		4,524	4,524	3,984	3,984
Industry and commerce		1,951	1,951	2,111	2,111
Governmental		2,020	2,020	2,613	2,613
		8,495	8,495	8,708	8,708
4 OTHER INCOME					
Residences, catering and conference		1,331	1,331	1,274	1,274
Clinical and related earnings		12,802	11,555	11,538	10,668
Release from deferred capital grant	20	867	797	587	517
Rent and other income		94	236	56	11
		15,094	13,919	13,455	12,470
5 ENDOWMENT AND INVESTMENT INCOME					
Income from expendable endowments	19	339	257	101	39
Income from permanent endowments	19	1,303	1,292	182	174
Income from short-term investments		316	316	325	325
Donations, gifts and legacies received		566	387	239	109
		2,524	2,252	847	647

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

	Note	Year ended 31 July 2008		Year ended 31 July 2007	
		Consolidated £000	College £000	Consolidated £000	College £000
6 STAFF COSTS					
Wages and salaries		26,883	26,578	23,189	22,915
Social security costs		2,132	2,108	1,989	1,973
Pension costs	31	2,839	2,812	2,450	2,430
Restructuring and redundancy costs		117	117	299	299
		31,971	31,615	27,927	27,617

Emoluments of the Principal

Salary		183	183	163	163
USS Pension Contributions		25	25	24	24
Benefit in kind		24	24	26	26
		232	232	213	213

Remuneration of other higher paid staff, excluding employers' pension contributions:

	Number	Number	Number	Number
£100,001 to £110,000	1	1	2	2
£110,001 to £120,000	3	3	3	3
£120,001 to £130,000	3	3	3	3
£130,001 to £140,000	2	2	1	1
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	-	-	1	1
£160,001 to £170,000	1	1	1	1
	10	10	11	11

Average staff numbers by major category:

	Number	Number	Number	Number
Teaching and Research Departments	340	340	304	304
Academic Support Services	89	89	84	84
Administration and Central Services	70	63	67	57
Premises	69	69	78	78
Clinical and related services	207	207	212	212
	775	768	745	735

Both staff costs and numbers include temporary staff and staff employed by agents.

	Year ended 31 July 2008		Year ended 31 July 2007	
	Consolidated £000	College £000	Consolidated £000	College £000
7 INTEREST AND OTHER FINANCE COSTS				
Bank loans not wholly repayable within 5 years	492	315	505	322

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

	Year ended 31 July 2008		Year ended 31 July 2007	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
8 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY				
Academic departments	15,923	15,923	13,988	13,988
Academic services	6,392	6,392	4,390	4,390
Research grants and contracts	7,402	7,402	7,175	7,175
Residences and catering	1,319	1,319	1,024	1,024
Premises and maintenance	8,129	8,129	7,260	7,260
Administration	4,157	4,157	3,145	3,145
Clinical and other services - College	13,024	13,024	11,764	11,764
Clinical and other services - Subsidiaries	1,588	-	1,190	-
	57,934	56,346	49,936	48,746
Other operating expenses include:				
External auditors remuneration in respect of audit services	48	42	41	35
External auditors remuneration in respect of non-audit services	11	11	-	-

	Year ended 31 July 2008		Year ended 31 July 2007	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
9 OTHER OPERATING EXPENSES				
Catering provisions	356	356	305	305
Consumables and laboratory expenses	4,635	4,624	4,742	4,673
Stationery and publications	1,435	1,396	1,081	1,066
Student and educational expenditure	2,370	2,457	1,659	1,659
Rent, rates, cleaning and insurance	1,183	963	873	758
Electricity, gas, oil and water	1,280	1,198	1,054	964
Small equipment and repairs	1,792	1,774	1,781	1,761
Minor works and maintenance	2,181	2,063	2,100	2,074
External auditors' remuneration	41	52	41	34
Internal audit	39	39	38	38
Legal and other outside consultancy	3,288	3,286	1,876	1,876
Travelling and subsistence	1,668	1,646	1,527	1,520
Telephone, fax and postage	642	590	509	465
Miscellaneous expenses	503	383	900	807
Change in provisions	750	750	-	-
	22,163	21,577	18,486	18,000

10 FIXED ASSET INVESTMENTS

Subsidiary companies	-	100	-	100
	-	100	-	100

The College's subsidiaries (all of which are registered in England and Wales) and its percentage shareholding in each are as follows:

Company	Nature of Business	Shareholding	
		£1 Ord Shares	No. of Shares
London BioScience Innovation Centre Limited	Establishment and operation of a l of a biotechnology innovation centre	100%	100,000
Medcell Biosciences Limited	Stem Cell Technology	£0.01 Ord Shares 2.92%	3,990,000

The College consolidates the results of the Animal Care Trust.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

11 TANGIBLE FIXED ASSETS

	Freehold Properties	Furniture and Equipment	Assets in the course of construction	Heritage Assets	Total
	£000	£000	£000	£000	£000
Consolidated					
COST					
At 1 August 2007	53,148	1,647	5,792	-	60,587
Prior Year Adjustment	-	-	-	1,648	1,648
Restated 1 August 2007	53,148	1,647	5,792	1,648	62,235
Additions	144	2,501	6,838	-	9,483
Transfers	2,103	-	(2,103)	-	-
Disposals	-	(618)	-	-	(618)
At 31 July 2008	55,395	3,530	10,527	1,648	71,100
DEPRECIATION					
At 1 August 2007	(15,902)	(801)	-	-	(16,703)
Charge for the year	(2,240)	(1,068)	-	-	(3,308)
Disposals	-	618	-	-	618
At 31 July 2008	(18,142)	(1,251)	-	-	(19,393)
Net Book Value at 31 July 2008	37,253	2,279	10,527	1,648	51,707
Net Book Value at 31 July 2007	37,246	846	5,792	-	43,884
College					
COST					
At 1 August 2007	48,917	1,647	5,792	-	56,356
Prior Year Adjustment	-	-	-	1,648	1,648
Restated 1 August 2007	48,917	1,647	5,792	1,648	58,004
Additions	144	2,501	6,838	-	9,483
Transfers	2,103	-	(2,103)	-	-
Disposals	-	(618)	-	-	(618)
At 31 July 2008	51,164	3,530	10,527	1,648	66,869
DEPRECIATION					
At 1 August 2007	(14,737)	(801)	-	-	(15,538)
Charge for the year	(2,029)	(1,068)	-	-	(3,097)
Disposals	-	618	-	-	618
At 31 July 2008	(16,766)	(1,251)	-	-	(18,017)
Net Book Value at 31 July 2008	34,398	2,279	10,527	1,648	48,852
Net Book Value at 31 July 2007	34,180	846	5,792	-	40,818

Heritage assets are held for their contribution to knowledge and culture. The assets recognised as such are principally works of art and illustrations of the racehorse Eclipse (the post-mortem examination of Eclipse in 1789 was in effect the beginning of the veterinary profession in the UK) and a collection of historic veterinary books and articles dating from the 18th Century. Works of art are stated at their insurance valuation.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 July 2008

	Year ended 31 July 2008		Year ended 31 July 2007	
	Consolidated £000	College £000	Consolidated £000	College £000
12 ENDOWMENT ASSET INVESTMENTS				
Historical Cost at 1 August	9,414	8,281	9,887	8,246
Market Value Adjustment at 1 August	2,750	2,750	1,759	1,759
Market Value at 1 August	12,164	11,031	11,646	10,005
Additions	1,074	1,074	510	510
Disposals	(3,476)	(3,476)	(1,506)	(1,506)
Market Value Adjustment	(1,805)	(1,805)	991	991
Cash Movement	3,967	3,837	2,768	1,031
Prior year adjustment	-	-	(2,245)	(215)
Market Value at 31 July	11,924	10,661	12,164	11,031
Represented by				
Equities	5,877	5,877	10,084	10,084
Cash at Bank	6,047	4,784	4,325	1,162
Prior year adjustment	-	-	(2,245)	(215)
Total endowment assets	11,924	10,661	12,164	11,031
13 STOCK				
Consumables	401	393	313	305
Farm Stocks	148	148	114	114
	549	541	427	419
14 DEBTORS				
AMOUNT FALLING DUE WITHIN ONE YEAR:				
Trade debtors	1,516	1,472	1,456	1,365
Research grant debtors	1,825	1,825	2,139	2,139
Subsidiary companies	-	520	-	596
Taxes receivable	52	43	4	1
Other debtors	363	363	347	347
Prepaid expenses and accrued income	587	551	522	522
Sub total	4,343	4,774	4,468	4,970
AMOUNT FALLING DUE AFTER ONE YEAR:				
London Bioscience Innovation Centre Ltd	-	980	-	1,111
	4,343	5,754	4,468	6,081
<p>The total debt with The London Bioscience Innovation Centre Ltd comprises a current account deficit and loan of £3,026,000 (2007: £3,753,000), less a provision made of £2,046,000 (2007: £2,046,000). The loan is not expected to be repaid until 2024.</p>				
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Unsecured loans	259	259	243	243
Trade creditors	2,896	2,896	2,859	2,859
Animal Care Trust	-	3,872	-	3,247
Research grants creditors	6,659	6,659	6,184	6,184
Social Security and other taxation payable	1,060	1,060	1,101	1,101
Other creditors	78	78	394	394
Accruals and deferred income	1,652	1,647	1,189	1,136
	12,604	16,471	11,970	15,164

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

	Year ended 31 July 2008		Year ended 31 July 2007	
	Consolidated £000	College £000	Consolidated £000	College £000
16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Analysis of unsecured loans:				
Due within 1 year	259	259	243	243
Due between 1 and 2 years	276	276	259	259
Due between 2 and 5 years	939	939	881	881
Due in 5 or more years	5,997	5,997	6,331	6,331
	7,471	7,471	7,714	7,714
Due within 1 year	(259)	(259)	(243)	(243)
Due after more than one year	7,212	7,212	7,471	7,471
Unsecured loans	7,212	7,212	7,471	7,471
Obligations under finance lease	-	-	-	-
	7,212	7,212	7,471	7,471

Included in the loans are the following:

Lender	Amount £000	Term	Interest rate %
Royal Bank of Scotland	2,137	Jan 2026	7.08
Royal Bank of Scotland	2,177	Jan 2026	7.51
Royal Bank of Scotland	3,157	Mar 2024	5.54
	7,471		

All loans are with the College.

17 SHORT TERM DEPOSITS AND CASH

On consolidation, £3,713,000 (2007: £3,163,000) was moved from short term deposits and cash to endowment asset investments to cover the funds held by the College on behalf of the Animal Care Trust.

18 PROVISIONS FOR LIABILITIES

Taxation	750	750	-	-
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The College has been supported by professional advisers in determining this provision. The liability is expected to be settled by 31 July 2009.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

19 ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2008 Total	2007 Total
Consolidated						
Balances as at 1 August 2007						
Capital	1,821	3,542	5,363	5,212	10,575	14,795
Accumulated income	1,384	3,188	4,572	(2,983)	1,589	(3,149)
	3,205	6,730	9,935	2,229	12,164	11,646
New endowments	-	1	1	273	274	1,739
Investment income	437	866	1,303	339	1,642	283
Expenditure	-	(199)	(199)	(152)	(351)	(250)
	437	667	1,104	187	1,291	33
(Decrease)/increase in market value of investments	(533)	(1,097)	(1,630)	(175)	(1,805)	991
Prior year adjustment	-	-	-	-	-	(2,245)
At 31 July 2008	3,109	6,301	9,410	2,514	11,924	12,164
Represented by:						
Capital	1,821	3,542	5,363	5,427	10,790	12,236
Accumulated income	1,288	2,759	4,047	(2,913)	1,134	(72)
	3,109	6,301	9,410	2,514	11,924	12,164
College						
Balances as at 1 August 2007						
Capital	1,821	3,405	5,226	1,516	6,742	8,956
Accumulated income	1,385	3,128	4,513	(224)	4,289	1,049
	3,206	6,533	9,739	1,292	11,031	10,005
New endowments	-	1	1	77	78	77
Investment income	437	855	1,292	257	1,549	213
Expenditure	-	(169)	(169)	(23)	(192)	(40)
	437	686	1,123	234	1,357	173
(Decrease)/increase in market value of investments	(533)	(1,097)	(1,630)	(175)	(1,805)	991
Prior year adjustment	-	-	-	-	-	(215)
At 31 July 2008	3,110	6,123	9,233	1,428	10,661	11,031
Represented by:						
Capital	1,821	3,405	5,226	1,517	6,743	6,939
Accumulated income	1,289	2,718	4,007	(89)	3,918	4,092
	3,110	6,123	9,233	1,428	10,661	11,031

In previous years endowments were analysed as general endowments and specific endowments. The revised headings above reflect the requirements of the SORP and the College's accounting policies.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 July 2008

20 DEFERRED CAPITAL GRANTS

	Funding Council	Other Donors	2008 Total	2007 Total (Restated)
	£000	£000	£000	£000
Consolidated				
At 1 August 2007				
Buildings	12,520	10,635	23,155	18,951
Equipment	751	180	931	970
Total	13,271	10,815	24,086	19,921
Cash receivable				
Buildings	1,952	1,585	3,537	3,021
Equipment	539	1,037	1,576	73
Total	2,491	2,622	5,113	3,094
Released to income and expenditure account				
Buildings	(572)	(548)	(1,120)	(1,062)
Equipment	(68)	(319)	(387)	(112)
Total	(640)	(867)	(1,507)	(1,174)
At 31 July 2008				
Buildings	13,900	11,672	25,572	20,910
Equipment	1,222	898	2,120	931
Prior year adjustment	-	-	-	2,245
Total	15,122	12,570	27,692	24,086
College				
At 1 August 2007				
Buildings	12,520	7,414	19,934	17,905
Equipment	751	180	931	970
Total	13,271	7,594	20,865	18,875
Cash receivable				
Buildings	1,952	1,379	3,331	3,021
Equipment	539	1,037	1,576	73
Total	2,491	2,416	4,907	3,094
Released to income and expenditure account				
Buildings	(572)	(478)	(1,050)	(992)
Equipment	(68)	(319)	(387)	(112)
Total	(640)	(797)	(1,437)	(1,104)
At 31 July 2008				
Buildings	13,900	8,315	22,215	19,934
Equipment	1,222	898	2,120	931
Total	15,122	9,213	24,335	20,865

21 RESERVES

	Year ended 31 July 2008		Year ended 31 July 2007	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
Income and expenditure reserve				
At 1 August	18,996	18,479	14,547	13,535
Prior year adjustment - Heritage assets	-	-	1,648	1,648
Restated 1 August	18,996	18,479	16,195	15,183
Surplus retained for the year	(875)	(1,088)	2,801	3,296
At 31 July	18,121	17,391	18,996	18,479

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

22 RECONCILIATION OF SURPLUS BEFORE TAX AND PROFIT ON DISPOSAL OF ASSETS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	Year ended 31 July 2008		Year ended 31 July 2007	
		Consolidated £000	College £000	Consolidated £000	College £000
Surplus after depreciation of tangible fixed assets at valuation and before tax		416	269	3,494	3,469
Depreciation	11	3,308	3,097	3,018	2,807
Deferred capital grants released to income	20	(1,507)	(1,437)	(1,174)	(1,104)
Investment income	5	(1,958)	(1,865)	(608)	(538)
Interest payable		492	315	505	322
(Profit) on sale of fixed assets and investments		-	-	(1,966)	(1,966)
(Decrease) / increase in stocks	13	(122)	(122)	43	44
Decrease / (increase) in debtors	14	125	327	(338)	(217)
Increase in creditors	15	618	1,291	3,190	4,233
Increase in provisions	18	750	750	-	-
Net cash inflow from operating activities		2,122	2,625	6,164	7,050

23 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Note	£000	£000	£000	£000
Income from endowments		541	488	365	295
Other interest received	5	316	316	325	325
Interest paid	7	(492)	(315)	(505)	(322)
		365	489	185	298

24 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Payments made to acquire fixed assets	11	(9,483)	(9,483)	(5,331)	(5,331)
Payment for endowment assets	12	(1,074)	(1,074)	(510)	(510)
Total fixed and endowment assets acquired		(10,557)	(10,557)	(5,841)	(5,841)
Proceeds from sale of fixed assets		-	-	1,967	1,967
Proceeds from sales of endowment assets		4,577	4,577	1,424	1,424
Deferred capital grants received	20	5,113	4,907	3,094	3,094
New endowments received	19	274	78	1,079	77
Net cash (outflow) / inflow for capital expenditure and financial investment		(593)	(995)	1,723	721

25 FINANCING

Repayments of amounts borrowed		(243)	(243)	(230)	(230)
		(243)	(243)	(230)	(230)

26 ANALYSIS OF CHANGES IN NET DEBT

	Note	At 1 August 2007 £000	Cash Flows £000	Non-cash changes £000	At 31 July 2008 £000
Cash at bank and in hand					
Endowments		4,325	3,967	(2,245)	6,047
Other		2,712	(1,181)	-	1,531
		7,037	2,786	(2,245)	7,578
Short-term investments		7,139	(1,135)	2,245	8,249
Debts due within one year		(244)	243	(259)	(260)
Debts due after one year		(7,472)	-	259	(7,213)
Finance lease		-	-	-	-
		6,460	1,894	-	8,354

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

27 CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments at 31 July 2008:

	Year ended 31 July 2008		Year ended 31 July 2007	
	Consolidated £000	College £000	Consolidated £000	College £000
Commitments contracted for	1,396	1,396	6,598	6,598
Authorised but not contracted for	10,600	10,600	-	-
	11,996	11,996	6,598	6,598

28 AMOUNTS DISBURSED AS AGENT (CONSOLIDATED AND COLLEGE)

	Year ended 31 July 2008		Year ended 31 July 2007	
	£000	£000	£000	£000
Hardship funds				
Income				
Fund balance at 1 August 2007	(12)		3	
Funding Council grants	60		42	
Interest earned	-	48	-	45
Expenditure				
Disbursed to students	(58)		(57)	
Fund running costs	-	(58)	-	(57)
Fund balance at 31 July 2008		(10)		(12)

Funding Council grants are available solely to assist students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

29 DISCLOSURE OF RELATED PARTY TRANSACTIONS

The College has taken advantage of the exemption conferred by Financial Reporting Standard No 8, 'related Party Disclosures', to disclose transactions with related parties which are eliminated on consolidation. A related party relationship exists between the College and Immexis. Professor Howard is a director of the subsidiary, London Bioscience Innovation Centre Ltd and a controlling shareholder of Immexis. The College also has 23% shareholding in Immexis. Immexis is a customer of the Subsidiary and pays for laboratory services and accommodation at the same rate as other customers. During the year Immexis paid the College £2,000 and the amount due from Immexis at the year end is £nil (2007: £2,000).

The College granted a £300,000 interest free loan to the Principal as part of his relocation package. The loan is secured on his property, and the benefit in kind arising from the loan is £15,000 (2007: £15,000).

30 SUBSIDIARY UNDERTAKINGS

London Bioscience Innovation Centre Ltd (company number 04013123) is a wholly owned subsidiary company registered in England and Wales. Its main business is to facilitate Biotechnology start up companies. The Royal Veterinary College Animal Care Trust (charity 281571) is a wholly owned charitable trust of the College whose function is to support the College activities.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 July 2008

31 PENSION SCHEMES

The two pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL).

The total pensions cost for the College and its subsidiaries was:

	2008	2007
	£000	£000
USS contributions paid	2,008	1,747
SAUL contributions paid	826	698
Other pension payment	5	5
Total Consolidated Pension Costs (note 6)	2,839	2,450
USS premature retirement payments included in restructuring costs in note 6	74	50

It is not possible to identify the College's share of the underlying assets and liabilities of either scheme and hence contributions are accounted for as if they were defined contribution schemes. The schemes are defined benefit schemes which are externally funded and contracted out of the State second Pension (S2P) and valued every three years by professionally qualified independent actuaries using the Projected Unit Method.

The rates of contribution for both schemes are determined by the Trustees on the advice of actuaries, the cost recognised for the year in the Income and Expenditure account being equal to the contribution to the scheme. The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

	USS	SAUL
Latest actuarial valuations	31 Mar 2005	31 Mar 2005
Investment returns per annum	4.5%	6.5%
Salary Increase per annum	3.9%	4.5%
Pension increase per annum	2.9%	2.7%
Market value of assets at last valuation	£21,740 million	£982 million
Past service liabilities at last valuation	£28,308 million	£1,056 million
Percentage of members accrued benefits covered by actuarial value of assets	77%	93%
Current employer contribution rate	14%	13%
Contribution for future service	14.3%	13.0%
Next actuarial valuations	31 March 2008	31 March 2008

Surplus arising from past service allows employers to pay contributions at 14% for USS and 13% for SAUL. Surpluses or deficits which arise at future valuations may impact on the employer's future contribution commitment. Formal actuarial valuations took place at 31 March 2008. The results are awaited from the actuary. Contribution rates will be reviewed based on the actuary's report.

32 POST BALANCE SHEET EVENTS

The value of endowment asset investments in listed securities has continued to fall since the balance sheet date due to current economic world markets.

The Royal Veterinary College
UNAUDITED CONSOLIDATED FINANCIAL SUMMARIES

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
INCOME AND EXPENDITURE ACCOUNT					
INCOME					
Funding body grants	26,614	23,551	20,985	18,874	15,794
Tuition fees and education contracts	5,623	4,903	4,049	3,572	3,448
Research grants and contracts	8,495	8,708	6,195	4,781	4,337
Other income	15,094	13,455	12,413	10,469	9,855
Endowment and investment income	2,524	847	743	893	762
TOTAL INCOME	58,350	51,464	44,385	38,589	34,196
EXPENDITURE					
Staff costs	31,971	27,927	24,630	21,250	19,337
Other operating expenses	22,163	18,486	14,914	13,258	11,882
Depreciation	3,308	3,018	3,078	2,811	2,648
Interest and other finance costs	492	505	511	486	721
TOTAL EXPENDITURE	57,934	49,936	43,133	37,805	34,588
Surplus after depreciation of tangible fixed assets at valuation and after tax	416	1,528	1,252	784	(392)
Profit on Disposal of Assets	-	1,966	-	-	646
Surplus before transfer to specific endowments	416	3,494	1,252	784	254
Transfer from / (to) specific endowments	(1,291)	(693)	5	122	124
SURPLUS RETAINED WITHIN GENERAL RESERVES	(875)	2,801	1,257	906	378

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
BALANCE SHEET					
Fixed assets and investments	51,707	43,884	41,571	41,530	39,017
Endowment asset investments	11,924	14,409	11,646	10,174	8,495
Cash at bank and in hand and short term deposits	9,780	9,851	4,779	1,728	1,010
Net non cash current liabilities	(7,712)	(7,075)	(4,167)	(2,978)	(4,249)
Long term loans, creditors and provisions	(7,962)	(7,471)	(7,715)	(7,983)	(7,392)
TOTAL NET ASSETS	57,737	53,598	46,114	42,471	36,881
Deferred capital grants	27,692	21,841	19,921	19,007	16,002
Endowment funds	11,924	14,409	11,646	10,174	8,495
Retained earnings	18,121	17,348	14,547	13,290	12,384
TOTAL FUNDS	57,737	53,598	46,114	42,471	36,881

